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SYNOPSIS

For the Ph.D (Commerce)

'An Analytical Study Of Minimum Support Price For Agricultural Produce: Implementation And Its Impact On Beneficiaries With Special Reference To Aurangabad District'

Submitted by

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Introduction:

India is an agrarian economy with the agriculture and allied sector contributing to around three fourth of the Gross Domestic Product (GDP) and providing employment to more than four fifth of the population. Series of institutional reforms were taken to boost the agricultural production and modernize the farming practices. These included land reforms, structural changes in administrative arrangements, agricultural extension schemes initiation of price support policies, including the minimum support price. The adoption of MSP policy in india was mainly due to food security and price fluctuations provoked by drought, floods and international prices. The system of MSP in india was started in mid 1960's amid food shortages.

At the time of independence the price policy of agriculture was rigid and was in control. After the recommendations of Food grains Policy committee of 1947 restrictions were removed. The Food grains prices committee, 1964 recommended institutions like Agricultural Prices Commission. Accordingly the Agricultural Prices commission was set up in January 1965.In 1985 it is renamed as Commission for Agricultural Costs and Prices (CACP).After its establishment it started announcing minimum support prices, procurement prices and issue prices for number of agricultural commodities.

The MSP is fixed on recommendations of commission for agricultural costs and prices (cacp).The CACP is statutory body and submits separate reports recommending prices for kharip and rabi seasons. The central government after considering the report and views of the state government and also keeping in view the overall demand and supply situation takes the final decision.

Minimum support prices: an overview:

Definition: **"**minimum support prices are in the nature of a long –term gurantee to the producers so that in the event of glut,prices are not allowed to fall below these announced minimum."

Minimum Support Price is a form of market intervention undertaken by the Government of India. Where government buys the farm output directly from the farmers . MSP is announced by government at the start of sowing season.The rates are decided by the Cabinet Committee on Economic Affairs(CCEA)on the basis of recommendations of commission for agricultural costs

and prices(CACP).The minimum guranteed prices are fixed to set a floor below which market prices cannot fall.

Determinants of MSP:

While recommending the price policy of various commodities it analyses

i)demand and supply
ii)cost of production
iii)price trends in the market
iv)inter-crop price parity
v)terms of trade between agriculture and non-agriculture
vi)likely implications of MSP on consumers of that product

MSP is currently announced for 24 commodities including:

- Seven cereals: paddy,wheat,jowar,bajra,barley,maize,ragi
- Five pulses: gram, arhar, moong,urad,lentil
- Eight oilseeds: groundnut , mustard ,toria ,soyabean,sunflower,sesum,niger seed,safflower seed
- Cash crop: raw cotton , copra ,raw jute ,Virginia flu curved tobacco

Farmer agitations all across the country in the past few months have been focused on demanding that MSP be increased so it is at par with 1.5 times the cost of production. The government claimed that it has fulfilled this demand.

There are two formulae to calculate cost of production. One is to include cost of seed, labour (human, animal and machine), fertiliser, manure, insecticides and other miscellaneous costs which is denoted as A2 and add to it the family labour (FL). The other formula addition of cost on imputed rent and interest on owned land to A2+FL. So the final cost of production would be C2=A2+FL+cost imputed on rent and interest on owned land. The farmers have been demanding that MSP should be 1.5 times of C2, which was what the Swaminathan Commission had also suggested, and not 1.5 times of A2+FL.

Take for instance, paddy. The government announced that it has increased Rs 200 per quintal on paddy (common variety) and now the MSP would be Rs 1750/quintal. The Commission for Agriculture Costs and Prices (CACP), a body working under Union

ministry of Agriculture and Farmers' Welfare has projected that the cost of production (CoP) of the paddy, according to C2 formula, would be Rs 1560 per quintal in 2018-19. MSP, when calculated by multiplying CoP by 1.5 as per the recommendation of Swaminathan Commission, should be Rs 2340 per quintal. Thus, the MSP declared by the government is Rs 590 per quintal short of the same

Impact of MSP :

The most important aim of the msp policy is to save the Indian farmers from making distress sales.msp is a sense work as an insurance policy to save the farmers from price falls.

- Food security has been achieved at the national level.
- Increase in the production of grain specially cereals.
- Increase in farm income of farmers.
- From a situation of massive shortages india has imerged as grain surplus country.

Objectives

1. To find out the validity of parameters in determination of MSP.
2. To study the MSP system and its implementation.
3. To take review from farmers about MSP.
4. To study the socio-economic impact of MSP on the beneficiaries
5. To find out the problems related to MSP and suggest remedies to overcome it.

Statement of the Problem

Statements of the problems are framed by the researcher which is mentioned below:

1. Major portion of farmers are unaware of the msp policy and its concept.

2. Farmers concern is just not about the MSP but also about implementation

3. Any other crops except the wheat and paddy ,fetches the MSP.

4. The declared MSP is not fixed according to the formula recommended by swaminathan commission

Review of Literature:

This chapter will cover various literature related with the study undertaken by institutes,authors,magazines,researchers and news papers.

a). Anilkumar Rohilla -MSP helps to create more marketable surplus adopt new practices, encourage farmers to improve the production. But certain problems related to implementation of MSP are procurement centres being away resulting into heavy transportation cost non opening of procurement centres on time, lack of covered storage facility, delays in payments etc.

b) NITI Aayog: 65% of the small farmers earned 60% of their annual income from agriculture.16%of large farmers received 74%of their annual income from cultivation.81%of the cultivators were aware of MSP fixed by the government.20%of farmers of sample states received their msp on same day ,7%sample states after 2 to 3 days and 51% farmers received after one week and 5% after one month.

Profile of the Research area:

Aurangabad district is spread over an area of 10.08 lakh Ha. Out of which an area under cultivation is 8.52 lakh Ha.The total population of the district is 40.83lakh,out of which 84.2%population is dependent on agriculture and allied sector. The total number of farmers in the district is 9.16lakhs of which 47% and 31% are marginal farmers and small farmers respectively. The average land holding is 1.46 ha.

In Aurangabad rainy season starts from the month of june to sept.The average rainfall is 734mm.Agriculture in Aurangabad is diversified, wide range of crops are grown in the district.Major food grains are jowar, pearlmillet,wheat,gram,among oilseeds soybean is major crop while cotton is major cash crop.

Hypotheses to be tested are:

H: There is positive association between MSP implementation and socio-economic status of beneficiaries.
H:There is positive impact of MSP implementation on beneficiaries.

Research Methodology:

a) Primary Data

Primary data will be collected from the farmers from the Aurangabad district through structured questionnaire, personal direct and indirect interviews, personal observation.

b) Secondary Data

Secondary data will be collected from journals, books, newspapers, editing articles etc.

c) Tools and Techniques

The data so collected from the above sources will be analyzed with the help of following techniques:

- Ratio Analysis
- Correlation
- Simple percentage
- Simple average
- Chi squre
- Anova

d) Period of Study:

For this study data will be collected for the 5years from year 2013 to 2018.

e) Selection of Sample:

This research study is based on sampling technique. Aurangabad district is area of research. Last census of Aurangabad district was done only in 2011 and next census will be in 2021.As per 2011 census population of Aurangabad is 37,01,282 of which56.23% population lives in rural areas of villages . The total number of farmers in this district 9.16lakhs.The district is having 1341 villages and divided into ten talukas.

Table No. 1

Selection of Sample			
Name of blocks	Number of villages	selection of villages(3% of total villages)	15 samples from each village
Kannad	211	6	90
Soegaon	85	3	45
Sillod	131	4	60
Phulambri	92	3	45
Aurangabad	185	6	90
Khuldabad	76	3	45
Vaijapur	166	5	75

Gangapur	221	7	105
Paithan	189	6	90
Total	**1356**	**37**	**645**

Source: District Census Report 2011

Selection of village and samples:

In all there are 9 blocks in Aurangabad district. And in all those blocks 1356 villages are there.out of which 3% villages from each block has been selected by deliberate sampling.After that 15 samples from each village will be taken.

f) Scope and Limitation

Geographical scope: The present study is confined to Aurangabad district.The Aurangabad district has large number of farmers.The data required will be collected from the five years i.e.2013 to 2018 of selected farmers.

Operational scope:The study will cover the implementation,mechanism of MSP.Study will also be aimed to probe problem and challenges of MSP.

Limitation of the study is that the researcher has decided to analyse the msp and its operation only in Aurangabad district.

g) Data Analysis and Interpretation

All collected data will be analysed and interpreted with various statistical tools and techniques.Ratio analysis,correlation,flow chart will be used for analysis.Analysis and interpretation will help to finding the result of the study.

h) Conclusion and recommendations

This is the last chapter of the research.In this chapter the conclusions are drawn from two types of information,firstly from the primary data which is collected from farmers and secondly secondary data which will be collected from various government websites,magazines,newspapers etc.Here conclusion will be based on what government and other legal authority describes and what actually farmers thinks.

Chapter scheme:

1. Introduction
2. Research Methodology and Review of literature
3. Profile of Aurangabad district
4. Critical study of MSP system
5. Data analysis and interpretation
6. Socio-economic impact of MSP on beneficiaries
7. Conclusion and recommendations

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